

Luxembourg, 31 May 2017

Press Release

ORCO PROPERTY GROUP

Q1 2017 Financial Results

Key recent events

Disposal of Capellen office building: On 25 January 2017, a share deal related to disposal of the office building in Capellen, Luxembourg was completed. The building with a Gross lettable area¹ of approximately 7,700 square meters, located in the Capellen business park just outside of the City of Luxembourg, was sold to a private investor.

Suspension of Trading in Warsaw: On 17 February 2017 the Warsaw Stock Exchange informed Orco Property Group (the “Company” or together with subsidiaries the “Group”) that it had suspended trading of the Company shares on the Warsaw Stock Exchange.

Annual General Meeting of 24 May 2017: The annual general meeting of the Company’s shareholders held on 24 May 2017 (the „Meeting“) approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2016, as well as the allocation of financial results for the financial year ending 31 December 2016. The Meeting decided to appoint Mr. Jiří Dederá, Mr. Edward Hughes and Mr. Erik Morgenstern to the Board of Directors of the Company until the annual general meeting of 2018 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2017. Mr. Jiří Dederá was also elected Managing Director (administrateur délégué) of the Company.

¹ For definition of „Gross lettable area“, please refer to [Financial information 2016](#), page 37

Q1 2017 Financial highlights

Over the three months of 2017 the Group recorded net profit attributable to owners of the Company in the amount of EUR 2.6 million compared to a loss of EUR 3.7 million in Q1 2016.

Total revenue decreased year-on-year to EUR 0.5 million for the three months of 2017 compared to EUR 2.8 million over the same period in 2016 (82.7% y-o-y) due to disposal of non-core properties in 2016 and 2017.

Operating result as of March 2017 is represented by gain of EUR 3.7 million compared to loss of EUR 1.1 million over the same period in 2016. The improvement of result is mainly due to the reversal of impairments to the third party loans.

Financial result improved from a loss of EUR 2.6 million to a gain of EUR 1.2 million as at 31 March 2017 due to increase in interest income from loans provided to third parties.

Unaudited Statement of profit and loss and other comprehensive income

TEUR	31 March 2017	31 March 2016
Gross rental revenue	487	1,796
Service revenue	--	722
Property operating expenses	(298)	(878)
Net rental income	(189)	1,640
Development sales	92	293
Cost of goods sold	(34)	(280)
Net development income	58	13
Total revenues	579	2,811
Total direct business operating expenses	(332)	(1,158)
Net business income	247	1,653
Net valuation gain or loss on investment property	--	139
Net gain or loss on the disposal of investment property	--	(149)
Net gain or loss on disposal of subsidiaries and investees	1,061	--
Amortization, depreciation and impairments	2,953	(1,735)
Other operating income	6	53
Administrative expenses	(659)	(1,116)
Other operating expenses	43	--
Operating result	3,651	(1,155)
Interest income	5,723	198
Interest expense	(3,673)	(2,729)
Other net financial result	(889)	(88)
Net finance income / (costs)	1,161	(2,619)
Share of profit of equity-accounted investees (net of tax)	(1,397)	55
Profit before income tax	3,415	(3,719)
Income tax expense	(853)	1
Net profit for the period	2,562	(3,718)

As at 31 March 2017 both Net debt² and Fair value of portfolio³ increased by approx. EUR 400 million to EUR 565 million and EUR 890 million respectively. This was mainly due to the fact that Company received a loan from a third party in amount exceeding EUR 500 million as at 31 March 2017 all of which have been provided to third parties as a source of financing. As a consequence the LTV ratio⁴ as at 31 March 2017 increased to 63.6%.

The EPRA Net Asset Value per share⁵ as of 31 March 2017 is EUR 0.33 compared to EUR 0.32 as at 31 December 2016.

² For definition of „Net debt“, please refer to [Financial information 2016](#), page 38

³ For definition of „Fair value of portfolio“, please refer to [Financial information 2016](#), page 38

⁴ For definition of „LTV ratio“, please refer to [Financial information 2016](#), page 38

⁵ For definition of „EPRA NAV per share“, please refer to [Financial information 2016](#), page 36

Unaudited Statement of financial position

TEUR	31 March 2017	31 December 2016
NON-CURRENT ASSETS		
Investment property	240,041	239,790
Property, plant and equipment	26	26
Equity-accounted investees	3	4
Available-for-sale financial assets	37,204	33,042
Loans provided	566,708	149,935
Trade and other receivables	87	--
Deferred tax asset	114,028	114,025
Total non-current assets	958,097	536,822
CURRENT ASSETS		
Inventories	6,526	6,524
Current income tax receivables	279	--
Derivative instruments	38,732	38,732
Trade receivables	3,751	3,833
Loans provided	5,789	--
Cash and cash equivalents	7,702	2,215
Other financial current assets	733	1,162
Other non-financial current assets	635	1,169
Assets held for sale	393	23,209
Total current assets	64,540	76,844
TOTAL ASSETS	1,022,637	613,666
TEUR	31 March 2017	31 December 2016
EQUITY		
Equity attributable to owners of the Company	420,010	412,798
Non controlling interests	475	475
Total equity	420,485	413,273
NON-CURRENT LIABILITIES		
Bonds issued	12,568	15,705
Financial debts	517,145	128,348
Derivative instruments	1	--
Deferred tax liabilities	13,765	12,911
Provisions	1,246	1,712
Other non-current liabilities	5,146	301
Total non-current liabilities	549 871	158 977
CURRENT LIABILITIES		
Current bonds	378	142
Financial debts	43,046	20,718
Trade payables	5,056	1,657
Advance payments	185	395
Derivative instruments	--	7
Other financial current liabilities	165	599
Other non-financial current liabilities	3,451	3,030
Liabilities linked to assets held for sale	--	14,868
Total current liabilities	52,281	41,416
TOTAL EQUITY AND LIABILITIES	1,022,637	613,666

For more information,
visit www.orcogroup.com, or contact us
at investors@orcogroup.com